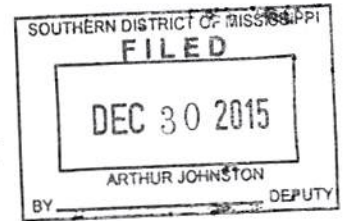


IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI  
NORTHERN DIVISION



CIGNA HEALTH AND LIFE INSURANCE  
COMPANY

PLAINTIFF

VS.

CIVIL ACTION NO. 3:15cv947DPJ-FKB

PIONEER HEALTH SERVICES, INC.; PIONEER HEALTH SERVICES OF CHOCTAW COUNTY, LLC; AMBULATORY EQUIPMENT SERVICES, INC.; PIONEER HEALTH SERVICES OF EARLY COUNTY, LLC, doing business as Pioneer Community Hospital Of Early; INDEPENDENT HEALTH MANAGEMENT, INC., doing business as Lackey Memorial Hospital; MEDICOMP, INC., doing business as Newton Physical Therapy and Sports Medicine, Iuka Physical Therapy and Sports Medicine, West Point Physical Therapy, Medicomp 7 on 7, Copiah Rehabilitation Center, and Medicomp Xcell; PIONEER HEALTH SERVICES NEWTON; PIONEER HEALTH SERVICES OF ONEIDA REAL ESTATE, LLC; PIONEER HEALTH SERVICES OF ONEIDA, LLC, doing business as Pioneer Community Hospital of Scott; PIONEER HEALTH SERVICES OF MONROE COUNTY, INC., doing business as Pioneer Community Hospital of Aberdeen; PIONEER HEALTH SERVICES OF STOKES COUNTY, LLC; PIONEER HOME HEALTH OF STOKES, LLC; and PIONEER HEALTH SERVICES OF PATRICK COUNTY INC., doing business as Pioneer Community Hospital of Patrick

DEFENDANTS

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**Complaint**

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Plaintiff Cigna Health and Life Insurance Company ("CHLIC") asserts its Complaint against Pioneer Health Services, Inc. (the "Group"), Pioneer Health Services Of Choctaw County, LLC, Ambulatory Equipment Services, Inc., Pioneer Health Services Of Early County, LLC, Independent Health Management, Inc., Medicomp, Inc., Pioneer Health Services of

Newton, Pioneer Health Services Of Oneida Real Estate, LLC, Pioneer Health Services Of Oneida, LLC, Pioneer Health Services Of Monroe County, Inc., Pioneer Health Services Of Stokes County, LLC, Pioneer Home Health Of Stokes, LLC, and Pioneer Health Services Of Patrick County Inc. (collectively, the “Covered Companies”; together with the Group, the “Defendants”), as follows.

### **JURISDICTION AND VENUE**

1. CHLIC is a corporation organized and existing under the laws of the State of Connecticut with a principal place of business located at 900 Cottage Grove Road, Bloomfield, Connecticut. CHLIC is not a citizen of Mississippi for purposes of determining diversity of citizenship.

2. The Group, Pioneer Health Services, Inc., is a corporation organized and existing under the laws of the State of Mississippi, with its principal place of business located in the State of Mississippi at 110 Pioneer Way or 301 8<sup>th</sup> Avenue SW, Magee, Mississippi. The Group is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

3. Pioneer Health Services Of Choctaw County, LLC is a limited liability company organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Choctaw County, LLC is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

4. Ambulatory Equipment Services, Inc. is a for-profit corporation organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110

Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Ambulatory Equipment Services, Inc. is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

5. Pioneer Health Services Of Early County, LLC, doing business as Pioneer Community Hospital of Early, is a limited liability company organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Early County, LLC is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

6. Independent Health Management, Inc., doing business as Lackey Memorial Hospital, is a non-profit corporation organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Independent Health Management, Inc. is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

7. Medicomp, Inc., doing business as Newton Physical Therapy and Sports Medicine, Iuka Physical Therapy and Sports Medicine, West Point Physical Therapy, Medicomp 7 on 7, Copiah Rehabilitation Center, and Medicomp Xcell, is a for profit corporation organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Medicomp, Inc. is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

8. Pioneer Health Services of Newton, upon information and belief, is a limited

liability company organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Newton is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

9. Pioneer Health Services of Oneida Real Estate, LLC is a limited liability company organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Oneida Real Estate, LLC is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

10. Pioneer Health Services of Oneida, LLC, doing business as Pioneer Community Hospital of Scott, is a limited liability company organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Oneida, LLC is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

11. Pioneer Health Services Of Monroe County, Inc., formerly known as Pioneer Health Services of Monroe County Subsidiary Inc., and doing business as Pioneer Community Hospital of Aberdeen, is a for profit corporation organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Monroe County, Inc. is a citizen solely of the State of Mississippi, and is not a

citizen of Connecticut, for purposes of determining diversity of citizenship.

12. Pioneer Health Services of Stokes County, LLC is an inactive limited liability company organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Stokes County, LLC is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

13. Pioneer Home Health of Stokes, LLC is a limited liability company organized and existing under the laws of the State of North Carolina, with a business address of P.O. Box 1100, Magee, Mississippi, and a registered agent designation of NC Connection, Inc., 176 Mine Lake Court, Suite 100, Raleigh, North Carolina and with its principal place of business located either in the State of Mississippi or the State of North Carolina. Pioneer Home Health of Stokes, LLC is a citizen solely of the State of North Carolina and/or Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

14. Pioneer Health Services of Patrick County Inc., doing business as Pioneer Community Hospital of Patrick, is a for profit corporation organized and existing under the laws of the State of Mississippi, with a registered agent office located at 110 Pioneer Way, Magee, Mississippi and with its principal place of business located in the State of Mississippi. Pioneer Health Services of Patrick County Inc. is a citizen solely of the State of Mississippi, and is not a citizen of Connecticut, for purposes of determining diversity of citizenship.

15. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §1332 in that the amount in controversy exceeds \$75,000, exclusive of interest and costs, and there is complete diversity of citizenship between CHLIC and all defendants.

16. Venue is proper in this judicial district and division pursuant to 28 U.S.C. §1391(b)(1) because it is the district and division in which the Group and the Covered Companies “reside” pursuant to 28 U.S.C. § 1391(c)(2), since the Group and the Covered Companies are subject to personal jurisdiction in this district. In the alternative, venue is proper in this judicial district under 28 U.S.C. § 1391(b)(2) because a substantial part of the events or omissions giving rise to this claims occurred in this district.

**FIRST COUNT**  
**(Breach of Contract)**

17. CHLIC repeats and realleges the allegations of the Jurisdiction and Venue allegations of this Complaint as if set forth more fully herein.

18. CHLIC provided group medical, pharmacy, dental and vision insurance benefits to the employees of the Group and of the Covered Companies, and their eligible dependents under CHLIC Policy No. 3337148 (the “Policy”).

19. The medical and pharmacy benefits were financed through CHLIC’s Cash Management Program (“CMP”), the terms of which are described in the CMP Rider to the Policy (the “Rider”), and in the Supplemental Premium Letter Agreement dated June 7, 2013 and Supplemental Premium Notice Letter dated May 15, 2014 (together the “Letter Agreement”; collectively with the Rider, the “CMP Agreements”). The CMP Agreements formed a contract between CHLIC and the Group.

20. In accordance with the CMP Agreements, CHLIC agreed to provide certain insurance coverage and services to the Group and its employees and, in return, the Group agreed to pay CHLIC certain premiums as determined in accordance with the CMP Agreements and the Policy, and to fund a bank account and pay CHLIC certain funds in accordance with the CMP Agreements. More particularly, the Group agreed to, inter alia:



(a) Pay to CHLIC on a monthly basis a residual premium, which residual premium would be used to partially satisfy estimated expenses;

(b) Establish a bank account and deposit funds in said account on a weekly basis up to a required imprest balance of \$159,000, to fund insurance claim payments that were issued prior to the termination date in connection with the Policy, up to a certain maximum amount set forth in the Rider; and

(c) Pay to CHLIC a Supplemental Premium as set forth in the Letter Agreement.

21. The insurance coverage provided by CHLIC under the Policy and funded under the CMP Agreement terminated on May 20, 2015.<sup>1</sup>

22. CHLIC continues to process and pay claims incurred prior to termination.

23. In accordance with the CMP terms and the CMP Agreements, the Group was contractually obligated to pay to CHLIC certain sums due thereunder totaling at least \$1,851,592.04 (the "Initial Claim Amount").

24. Despite demand for payment, the Group failed to pay the premiums and bank account underfunding due.

25. CHLIC duly performed all of its obligations as set forth in the Policy and under the CMP Agreements.

26. The Group breached its contractual obligations set forth in the Policy and under the CMP Agreements by failing to pay sums due thereunder.

27. The Group owes CHLIC in excess of \$1,771,592.04, which is the Initial Claim Amount less post-termination payments totaling \$80,000.

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<sup>1</sup> Dental and vision coverage was not subject to the CMP funding arrangement and terminated on May 31, 2015.

28. Pursuant to the terms of the Letter Agreement, CHLIC is entitled to collect interest at the Prime Rate, as defined therein, on all sums outstanding and unpaid.

29. Pursuant to the terms of the Letter Agreement, CHLIC is entitled to recover attorney's fees and costs incurred in collection of sums due.

30. By failing to pay to CHLIC the amount due and owing, the Group has materially breached the terms of the Policy and the CMP Agreements.

31. By reason of the foregoing, CHLIC has sustained damages in the amount of \$1,771,592.04, and is entitled to recover that amount including pre-judgment interest until paid and costs of collection.

WHEREFORE, Plaintiff Cigna Health and Life Insurance Company demands judgment against defendant Pioneer Health Services, Inc. for all sums due under the Policy and the CMP Agreements, plus pre-judgment interest, attorneys' fees and costs of suit, and such other relief as may be appropriate.

**SECOND COUNT**  
**(Unjust Enrichment –Pled in the Alternative)**

32. CHLIC repeats and realleges the allegations of the First Count of this Complaint as if set forth more fully herein.

33. From July 1, 2013 through May 20, 2015, CHLIC provided insurance coverage and other valuable benefits and services to the Group, the Covered Companies and their employees. CHLIC also handled and investigated claims and provided full insurance services with regard to such coverage.

34. From July 1, 2013 through May 20, 2015, the Group, the Covered Companies and their employees received and enjoyed the benefits of CHLIC's insurance coverage and services.



35. CHLIC continues to process and pay claims incurred prior to termination.

36. The Group and the Covered Companies have failed to pay for the full value of services and benefits they have received from CHLIC.

37. The reasonable value of the insurance coverage and services provided by CHLIC to the Group and the Covered Companies for which payment has not been made is at least \$1,771,592.04.

38. By virtue of the value of the insurance coverage and services rendered for which the Group and the Covered Companies have been unjustly enriched, there is due from the Group and the Covered Companies to CHLIC at least \$1,771,592.04.

WHEREFORE, as an alternative to the judgment demanded in the First Count, Plaintiff Cigna Health and Life Insurance Company demands, in the alternative, that judgment be entered in its favor and against defendants Pioneer Health Services, Inc., Pioneer Health Services Of Choctaw County, LLC, Ambulatory Equipment Services, Inc., Pioneer Health Services Of Early County, LLC, Independent Health Management, Inc., Medicomp, Inc., Pioneer Health Services of Newton, Pioneer Health Services Of Oneida Real Estate, LLC, Pioneer Health Services Of Oneida, LLC, Pioneer Health Services Of Monroe County, Inc., Pioneer Health Services Of Stokes County, LLC, Pioneer Home Health Of Stokes, LLC, and Pioneer Health Services Of Patrick County Inc., jointly and severally, in the amount representing the reasonable value of the services provided by Cigna Health and Life Insurance Company to the Group and the Covered Companies, plus prejudgment interest, attorney's fees, costs of collection and such other relief as may be appropriate.

Respectfully submitted, this the 30<sup>th</sup> day of December, 2015.

Cigna Health and Life Insurance Company

By: William F. Ray  
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